

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C.

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Docket No. ER22-2110-000

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**COMMENTS OF THE PUBLIC UTILITIES COMMISSION OF OHIO’S  
OFFICE OF THE FEDERAL ENERGY ADVOCATE**

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Pursuant to section 205 of the Federal Power Act, and part 35 of the Federal Energy Regulatory Commission (“Commission” or “FERC”) regulations, PJM Interconnection, L.L.C. (“PJM”) submitted proposed modifications on June 14, 2022, to its Open Access Transmission Tariff, in what PJM called “a comprehensive reform of the PJM interconnection process designed to more efficiently and timely process New Service Requests.”<sup>1</sup> PJM proposes to transition from a “first-come, first-served” queue approach to a “first-ready, first-served” one that is used by other regional transmission organizations and stand-alone transmission providers. PJM also would institute a clustering process for both system impact studies and cost allocation, bundling projects submitted within the same planning cycle that are geographically proximate and whose development could impact one another.

The filing comes as FERC considers wholesale changes to the interconnection process and while PJM’s interconnection queue is inundated with requests, many of which are duplicative, and while current conditions are creating a years-long wait before network upgrades can be undertaken. Against this backdrop, the Public Utilities Commission of Ohio’s Office of the Federal Energy Advocate (“Ohio FEA”) supports PJM’s request to bifurcate its proposed

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<sup>1</sup> PJM filing at i.

tariff changes from the larger considerations at FERC concerning long-term planning, cost allocation, and other elements of existing interconnection processes to accommodate a large influx of interconnection requests that is expected to continue.

More broadly, the Ohio FEA sees definite need for improvement in the PJM interconnection process. As discussed in more detail below, we are largely in support of PJM's proposal with caveats.

## **I. BACKGROUND**

The number of New Service Requests for study in PJM has grown astronomically in recent years, up more than 260 percent from 2017 to 2021. The biggest years have been the most recent, with more than 1,000 study requests each in 2020 and 2021, according to PJM's filing. But it is not a short-term phenomenon. After adding 1,534 requests to its queue in the five years between 2012 and 2016, PJM confronted 3,933 requests in the most recent five-year window, 2017 through 2021, for a five-year increase of more than 150 percent.<sup>2</sup> As of May 10, 2022, PJM indicated that it has 2,700 active projects in its queue.<sup>3</sup> At this time, there are 371 service requests at PJM for generation interconnection in Ohio in the "active" status.<sup>4</sup>

If the volume of projects alone was not enough to cause a backlog, PJM also has contended with many speculative projects that later withdraw from the queue and require PJM to backtrack and identify others that can be upgraded to maintain reliability and meet planning

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<sup>2</sup> PJM filing at 5.

<sup>3</sup> PJM filing at 17.

<sup>4</sup> July 13, 2022, PJM – New Services Queue, retrieved from <https://www.pjm.com/planning/services-requests/interconnection-queues>.

criteria. It is no small problem. PJM estimates that 80 percent of initial queue applications eventually are withdrawn.<sup>5</sup> Service request volumes have risen as the nation’s generation mix is undergoing a transformation away from older resources to ones driven by new technology. Beginning in fall 2020, PJM stakeholders began meeting to find solutions. By April 2022, participants in the stakeholder process overwhelmingly supported this set of tariff revisions that is the largest by PJM in decades.<sup>6</sup>

## **II. COMMENTS**

The Ohio FEA supports PJM’s measures to improve its interconnection process and address the significant queue backlog, and we encourage the Commission’s adoption of proposed changes that are intended to significantly accelerate PJM’s review process. The Ohio FEA identifies the following set of reforms proposed by PJM that are particularly relevant to the state of Ohio and strongly endorsed by the Ohio FEA.

### **A. Projects that do not necessitate Network Upgrades or that do not need further studies should proceed quickly to a final interconnection agreement.**

PJM proposes to establish “a ‘fast lane’ as an expedited and accelerated mechanism for projects that are determined to have only a minimal network impact or only have minimal cost responsibility for Network Upgrades to move through the process early and proceed to a final interconnection-related agreement.”<sup>7</sup> Over the past several years, we have observed that many

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<sup>5</sup> PJM filing at 7.

<sup>6</sup> PJM filing at 2. “Stakeholder” in this context refers to Members of PJM, which include transmission and generation owners and end-use customers. PJM Operating Agreement, 1. Definitions, “Member;” Section 11.6. It does not include state siting boards/commissions or any non-member potential interconnection developers. Therefore, overwhelming stakeholder support may not indicate wider agreement with PJM’s reform proposals.

<sup>7</sup> PJM filing at 2-3.

proposed projects to be built in the state of Ohio have been delayed due to the backlog that exists in PJM's interconnection queue. A significant number of these projects have no impact on the Bulk Power System and do not require reliability upgrades. Nonetheless, these projects are subject to interconnection studies, which further prolong the review process. We concur with PJM that allowing these types of projects to move more quickly towards a final interconnection agreement would be a step toward clearing out PJM's interconnection queue.

The on-time rate to complete the PJM Feasibility and System Impact Studies decreased to 44 percent and 77 percent, respectively, in December 2021 to the detriment of the Ohio siting process.<sup>8</sup> The Ohio FEA recognizes that PJM has taken steps to improve its study process, in order to meet the Order No. 845 Interconnection Study Performance Metrics' requirements for its Feasibility Studies and System Impact Studies.<sup>9</sup> PJM has noted that it has reprioritized its study workload to focus on its Facilities Study process, which has caused a temporary negative impact on PJM's performance in the Feasibility Study and System Impact Study processes.<sup>10</sup> The Ohio FEA emphasizes that the costs and benefits of the reprioritization must continue to be reported by PJM and monitored by the Commission in the Order No. 845 performance metrics.

**B. PJM's proposals to cluster projects in the same cycle and to transition from a "first-come, first-served" queue approach to a "first-ready, first-served" method should be adopted.**

PJM proposes to move to a "first-ready, first-served process" that groups projects in three-phase Cycles for purposes of studying and allocating costs. The Ohio FEA is generally in

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<sup>8</sup> PJM filing at 20.

<sup>9</sup> PJM filing at 22; *see also Reform of Generator Interconnection Procedures and Agreements*, Order No. 845, 163 FERC ¶ 61,043 (2018), order on reh'g & clarification, Order No. 845-A, 166 FERC ¶ 61,137, order on reh'g & clarification, Order No. 845-B, 168 FERC ¶ 61,092 (2019).

<sup>10</sup> PJM filing at 22.

favor of measures that would speed up the interconnection review process. We agree with PJM's proposal to conduct System Impact Studies and cost responsibility for groups of projects, or clusters, instead of using the current project-by-project approach. As PJM states, and the Ohio FEA concurs, clustering projects in the same cycle will "streamline the study process, reduce retool studies, and reduce cost responsibility and cost allocation disputes."<sup>11</sup> The Ohio FEA is also in favor of transitioning to a "first-ready, first-served" queue approach, as this method will allow projects that are further along in development to be accelerated through the process and reduce the number of speculative projects.

Under PJM's proposed "first-ready, first-served" process, only projects that meet threshold criteria at several Decision Points and provide Readiness Deposits to ensure they are prepared to proceed will remain in the Cycle, while projects that cannot meet those requirements will be incentivized to exit the Cycle process. In contrast, PJM's current interconnection queue process provides little incentive for speculative projects to exit the queue.

In its filing, PJM states that delays arising from sheer volume are exacerbated by the large number of speculative projects that withdraw from the queue. Each withdrawn project entails PJM restudy on lower-queued projects, which delays the processing of new service queues and may have the consequence of a cascade of withdrawals. PJM appears to acknowledge that the tariff already includes requirements for study deposits and pre-conditions related to project development, such as evidence of site control, that have failed to provide incentive for speculative projects to drop out of the queue. Given the considerable repercussions of withdrawals, the Ohio FEA supports PJM's proposals to require Readiness Deposits that become

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<sup>11</sup> PJM filing at 8.

increasingly at-risk as a project proceeds, as well as to impose a defined Decision Point at each phase under which a project must decide to move forward and either make additional Readiness Deposits or provide Security, or withdraw and potentially forfeit some or all of the Readiness Deposits already made.<sup>12</sup> As an additional deterrent of non-ready projects, the Ohio FEA believes that PJM should consider progressive withdrawal penalties based on the stage of the interconnection review at which the project developer withdraws from the queue.

**C. PJM’s proposal to change the term “Interim Interconnection Service Agreement” to “Engineering and Procurement Agreement” should be adopted.**

An Interim Interconnection Service Agreement (“ISA”) is an arrangement that allows for engineering and procurement prior to completion of the Facilities Study. An Interim ISA can be useful as it enables interconnection customers to acquire long lead-time items necessary for the establishment of an interconnection. In its filing, PJM states that, even though the existing Interim ISA was not intended to be used for construction, it has often been regarded as a construction agreement.<sup>13</sup> Siting applicants before the Ohio Power Siting Board (“OPSB”) have used the interim path to start construction activities for facilities in the state of Ohio. Therefore, we support PJM’s proposal to make it clear that the new Engineering and Procurement Agreement “is not intended to be used for the actual construction of any Interconnection Facilities or Transmission Upgrades.”<sup>14</sup>

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<sup>12</sup> PJM filing at 33.

<sup>13</sup> PJM filing at 69.

<sup>14</sup> Tariff, Part IX, Subpart D (Form of Engineering and Procurement Agreement), section 3.0; *see also* Tariff, Part VIII, Subpart A, section 400 (definition of Engineering and Procurement Agreement) and Subpart A, section 401(G)(3)(b).

**D. PJM’s proposal to eliminate the ability of project developers to suspend their projects after execution of a Generator Interconnection Agreement or Wholesale Market Participation Agreement should be adopted.**

PJM proposes to eliminate the ability of project developers to suspend their projects after execution of a Generator Interconnection Agreement or Wholesale Market Participation Agreement, and to afford project developers a one-time option to extend their milestones (other than any milestone related to site control) for a total period of one year regardless of cause. The Ohio FEA generally agrees that PJM’s proposal is “just and reasonable, as a balanced approach that protects the interconnection process as well as the project developers.”<sup>15</sup> As PJM notes, the current suspension provisions have enabled non-ready projects to enter the interconnection process, and then enter suspension while the project developers attempt to arrange financing or otherwise determine whether and how to move forward with the projects.

The Ohio FEA recognizes that, by proposing to remove suspension rights, PJM hopes to streamline the interconnection process. However, as other stakeholders have noted during the stakeholder process, the Ohio FEA also believes that suspension rights are a necessary “systemic shock absorber” with respect to pre-construction tasks that are challenged by non-force-majeure events, including regulatory actions that impact suppliers or financial markets, changes in tax laws, defective equipment, and supply chain issues and consequent product shortages.<sup>16</sup>

Considering the reality of unforeseen local and global issues that could fall outside of a project’s control, the Ohio FEA believes that some minimal provisions should exist for interconnection customers to modify the ISA milestone dates. The Ohio FEA supports PJM’s

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<sup>15</sup> PJM filing at 64.

<sup>16</sup> November 18, 2021 Interconnection Process Reform Task Force Meeting Presentation by Open Road Renewables, retrieved from <https://www.pjm.com/-/media/committees-groups/task-forces/iprtf/2021/20211118/20211118-item-02e-pjm-queue-reform-orr.ashx>.

one-time extension option to preserve flexibility for project developers. However, all parameters around PJM's use of its discretion to "reasonably extend any such milestone dates, in the event of delays that the Project Developer did not cause and could not have remedied through the exercise of due diligence" need to be specified clearly in the tariff, in order to avoid the very problem pertaining to suspensions that subverts the current interconnection process.<sup>17</sup>

**E. FERC should act quickly on PJM's proposal and not wait until interconnection process reform issues are resolved in other proceedings.**

FERC is considering interconnection process reforms in other proceedings, which PJM acknowledges.<sup>18</sup> PJM requests that the Commission accept its filing as just and reasonable, while recognizing that further reforms may be required in the future. The Ohio FEA agrees that it would not be in the best interests of PJM or its stakeholders for FERC to reject or defer action on PJM's filing.

Ohio law requires that, for a generating facility to receive a certificate for construction, operation, and maintenance, the OPSB must determine that the facility is consistent with regional plans for expansion of the electric power grid of the electric systems serving Ohio and interconnected utility systems, and that the facility will serve the interests of electric system economy and reliability.<sup>19</sup> The OPSB utilizes PJM's interconnection process in making this determination. To that end, the Ohio FEA urges an expedient and efficient resolution to the demonstrated backlog of generators attempting to enter and successfully exit PJM's queue.

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<sup>17</sup> PJM filing at 64 at n.212 (citing Tariff, Part IX, Subpart B (Form of GIA), section 6.4).

<sup>18</sup> PJM filing at iii-iv; *see also Improvements to Generator Interconnection Procedures and Agreements*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,194 (2022).

<sup>19</sup> Ohio Revised Code 4906.10(A)(4).



**F. Established cost-allocation principles should remain unchanged.**

PJM's reform proposals would not change the participant funding mechanisms, although PJM intends to utilize a cluster approach to cost allocation by studying the impact of projects in each Cycle in their entirety rather than on an incremental basis. Each project developer would pay for 100 percent of the costs of the minimum amount of Network Upgrades necessary to accommodate its New Service Request and that would not have been incurred under the Regional Transmission Expansion Plan but for such New Service Request.<sup>20</sup> The Ohio FEA maintains that the current PJM practice of assigning to the developer the cost of any Network Upgrades needed to facilitate the interconnection of a generating resource is justified and appropriate, and must be continued. We support PJM's "fast lane" transition process and proposed clustered Cycle process to the extent that these proposals are not inconsistent with long-recognized regulatory principles of cost allocation.

**III. CONCLUSION**

PJM's interconnection process badly needs to be improved. Proposed tariff changes should be adopted sooner rather than later. A timely and orderly queue process is necessary for PJM's markets to operate efficiently, and for wholesale price signals to properly incentivize the entry of resources that will be needed to maintain reliability and resource adequacy in the region. The Ohio FEA supports PJM's proposals to create a "fast lane," cluster projects within a Cycle, establish Readiness Deposits with graduated penalties for withdrawal later in the study process, and redefine Interim ISAs to prevent developers from circumventing their intent by using them

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<sup>20</sup> PJM filing at 60-61.

to start construction. We also largely support limiting developer delays to a single, one-year suspension to keep projects – and the queue – from bogging down.

No end in sight is apparent for the deluge of interconnection service requests in PJM. FERC should recognize the need for immediate action and approve PJM’s proposed tariff amendments. Nevertheless, the Ohio FEA remains engaged in FERC’s larger scale overhaul of the federal interconnection process that is underway. We believe both efforts are integral to an efficient transmission system.

Respectfully submitted,  
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**On Behalf of the Federal Energy Advocate**  
**The Public Utilities Commission of Ohio**

**July 14, 2022**

### **CERTIFICATE OF SERVICE**

I hereby certify that I have on this date caused a copy of the foregoing document to be served on each person included on the official service list maintained for this proceeding by the Commission's Secretary, by electronic mail or such other means as a party may have requested, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010. Dated this the 14th day of July 2022, at Columbus, Ohio.

/s/ Thomas G. Lindgren  
**Thomas G. Lindgren**  
Assistant Attorney General

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Summary: Comments of the Public Utilities Commission of Ohio's Office of the  
Federal Energy Advocate under ER22-2110-000 electronically filed by Mrs.  
Kimberly M. Naeder on behalf of Ohio Federal Energy Advocate